

EXHIBIT 1

INTRODUCTION

Respondent Charles Paul contributed \$10,000 to No on Knight – No on Prop 22 Committee, and thereby qualified as a “major donor committee” under the Political Reform Act (the “Act”),¹ and was required to file a semi-annual campaign statement, commonly known as “major donor statements” disclosing its contributions. Respondent failed to file a major donor statement disclosing contributions totaling \$10,000 during the reporting period that ended June 30, 2000, thereby committing one violation of the Act.

For the purposes of this Stipulation, Respondent’s violation of the Political Reform Act is stated as follows:

COUNT 1: After qualifying as a committee under section 82013, subdivision (c) of the Government Code, Charles Paul. failed to file a semi-annual campaign statement by July 31, 2000, in violation of section 84200, subdivision (b) of the Government Code.

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to assure that the contributions and expenditures affecting election campaigns are fully and truthfully disclosed to the public, so that voters will be better informed, and so that improper practices will be inhibited. The Act therefore establishes a campaign reporting system designed to accomplish this purpose of disclosure.

One feature of the system, found at section 84200, subdivision (b) of the Act, is that all persons who qualify as a “major donor committee” as defined in section 82013, subdivision (c), are required to file campaign statements each year no later than July 31 for the period ending June 30, and no later than January 31 for the period ending December 31, if they have made contributions or independent expenditures, including payments to a slate mailer organization, during the six-month period before the closing date of the statement. Section 82013, subdivision (c) defines a major donor committee as any person or combination of persons who, directly or indirectly, makes contributions totaling \$10,000 or more in a calendar year to, or at the behest of, candidates or committees.

¹ The Political Reform Act (“Act”) is contained in sections 81000 through 91014 of the Government Code. All statutory references are to the Government Code unless otherwise indicated. The regulations of the Fair Political Practices Commission, enacted pursuant to the provisions of the Act, are contained in sections 18000, *et seq.*, of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

SUMMARY OF THE FACTS

Count 1: Failure to file a semi-annual major donor statement, in violation of section 84200, subdivision (b), of the Government Code.

On February 9, 2000, Respondent Charles Paul contributed \$10,000 to No on Knight – No on Prop 22 Committee. Respondent therefore qualified as a major donor committee under section 82013, subdivision (c) of the Act, and became obligated to file a semi-annual major donor statement by July 31, 2000, disclosing this contribution.

On July 5, 2000, the Technical Assistance Division of the Fair Political Practices Commission sent a letter to Respondent providing notification that it apparently qualified as a major donor committee, by virtue of its contribution to No on Knight – No on Prop 22 Committee, and therefore was required to file a semi-annual major donor statement by July 31, 2000. Despite this notification, Respondent did not file the statement by the July 31, 2000 deadline, thereby violating section 84200, subdivision (b).

On October 6, 2000, Investigator Jon Wroten, of the Enforcement Division of the Fair Political Practices Commission, sent a letter to Respondent advising Respondent that his failure to file a semi-annual major donor statement by July 31, 2000 constituted a violation of the Act, and urging Respondent to file the overdue statement immediately. Respondent filed the statement on November 3, 2000, disclosing the \$10,000 contribution to No on Knight – No on Prop 22 Committee.

CONCLUSION

This matter consists of one count of violating section 84200, subdivision (b) of the Act, which carries a maximum administrative penalty of two thousand dollars (\$2,000). However, under the expedited Major Donor Program adopted by the Commission in December of 2000, the usual administrative penalty for a major donor committee that files the statement after receiving a letter by Enforcement Division staff asking that the committee comply with its major donor filing obligations is four hundred dollars (\$400.00).

In this case, Respondent filed the statement after receiving one letter from Enforcement Division staff. As such, imposition of the agreed upon penalty of four hundred dollars is justified.